

“(A) the expected return under the contract depends in whole or part on the life expectancy of one or more individuals;

“(B) the contract provides for payments to be made to a beneficiary (or to the estate of an annuitant) on or after the death of the annuitant or annuitants; and

“(C) such payments are in the nature of a refund of the consideration paid,

then the value (computed without discount for interest) of such payments on the annuity starting date shall be subtracted from the amount determined under paragraph (a). Such value shall be computed in accordance with actuarial tables prescribed by the Commissioner. For the purposes of this paragraph and subsection 4 (b) (A), the term ‘refund of the consideration paid’ includes amounts payable after the death of an annuitant by reasons of a provision in the contract for a life annuity with a minimum period of payment certain, but (if part of the consideration was contributed by an employer) does not include that part of any payment to a beneficiary (or to the estate of the annuitant) which is not attributable to the consideration paid by the employee for the contract as determined under paragraph (a) (A).

“(c) Expected return: For the purposes of subsection 1, the expected return under the contract shall be determined as follows:

“(A) Life expectancy: If the expected return under the contract, for the period on and after the annuity starting date, depends in whole or in part on the life expectancy of one or more individuals, the expected return shall be computed in accordance with annuity tables in force and used by the Federal Internal Revenue Service in computing annuities at the time as of which such computation is made.

“(B) Installment payments: If subparagraph (A) does not apply, the expected return is the aggregate of the amounts receivable under the contract as an annuity.

“(d) Annuity starting date: For purposes of this Section, the annuity starting date in the case of any contract is the first day of the first period for which an amount is received as an annuity under the contract; except that if such date was before January 1, 1957, then the annuity starting date is January 1, 1957.

### “3. Employees annuities:

“(a) Employees contributions recoverable in three years: Where,

“(A) part of the consideration for annuities, endowment or life insurance contract is contributed by the employer, and

“(B) during the three-year period beginning on the date (whether on or before January 1, 1957) on which an amount is first received under the contract as an annuity, the aggregate amount receivable by the employee under the terms of the contract is equal to or greater than the consideration for the contract contributed by the employee,